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SUBJECT: Steering Group for Middle East and North Africa
Investment Program Meets to Prepare for November 17
Ministerial

REF: SCHOLZ - GOLDBERGER E-MAIL

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internet distribution.

1. (SBU) Summary: The steering group of the MENA OECD program met on October 3-4 in Istanbul. Key developments included advancing work on a ministerial declaration, discussing individual national reform agendas that would be presented at the ministerial, reviewing funding needs for the program in 2006, discussing the private sector role in the program and the ministerial, and reviewing plans for participation at the ministerial. Bahrain, Egypt, Lebanon, Morocco, Palestinian Authority, Saudi Arabia, and the UAE/Dubai participated in the steering group meeting. Syria and Algeria had initially indicated they would attend, but were not represented. From OECD, France, Japan, Spain, Sweden, Switzerland, Turkey, U.K., and the U.S. were represented. The IFC, European Investment Bank, Lebanese Transparency Association, Business and Industry Advisory Committee of OECD and UNIDO were also represented. Following, the meeting delegates from U.S., UK, Japan, Jordan and Saudi Arabia and OECD secretariat met on October 4 and discussed coordinating diplomatic contacts in MENA and OECD countries to encourage participation at the Ministerial and to encourage broader support for the program. They also discussed and refined the details of the agenda for the Ministerial meeting. OECD also explained the need for additional funding support from MENA and OECD countries. Copies of the draft declaration, recommendations of the 5 working groups, drafts of individual reform agendas, and lists of ministers invited and confirmed will be emailed to posts from Washington. Guidance for contacts with host government officials in MENA and OECD countries will follow Septel from Department. End Summary

2. (SBU) Substantial progress was made in preparing a ministerial declaration that would support the program, welcome the recommendations of the working groups, welcome the reform objectives announced by MENA countries for the year following the ministerial, and pledge support for the MENA OECD program and call on OECD countries and other international institutions to provide support. In particular, it would invite other organizations to a subsequent meeting to discuss strategic cooperation between OECD MENA program with other organizations activities to support economic reform. MENA participants were anxious for the text to be circulated by the OECD secretariat by the following week to ensure adequate time to inform appropriate officials. OECD officials noted that letters of invitation had been sent to Ministers in OECD countries by the Jordanian host, and another letter would be sent shortly with the draft declaration agreed to at the steering group meeting.

3. (SBU) Bahrain, Egypt, Lebanon, Morocco, Saudi Arabia and the Palestinian Authority presented their respective plans for their national reform agendas organized around the recommendations of the 5 working groups of the program. These plans will be refined further for presentation at the Ministerial with particular emphasis on providing specific time frames for action on individual items during the year following the ministerial.

4. (SBU) Plans for the business day preceding the ministerial were also discussed and approved. The Business and Industry Advisory committee of OECD and OECD secretariat presented the draft business statement that

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would be discussed and adopted by business participants. BIAC will be working through its affiliated organizations to encourage participation by their members. The Arab Business Council / G-8 Investment Task Force was unable to attend the steering group meeting at the last minute, but Shafiq Gabr had contacted OECD to reassure them of their plans to participate at the ministerial and their support for the approach to the business day.

5. (SBU) The need for additional funding to support the

program was discussed and OECD provided its detailed budget for 2006. OECD countries stressed the importance of financial support from some of the MENA countries to complement the support from OECD countries, principally the US, UK, and Japan. In the discussions on the 4th, US, UK and Japan emphasized that formal decisions on further financing may not be made before the Ministerial. They also noted the importance of funding from MENA countries to their decisions. Saudi Arabia noted that the proposal for Saudi contribution was before the Finance Ministry and they expected approval, but that the final decision on their budget would not be made before the end of November. As Bahrain was not present at the meeting on the 4th, the OECD secretariat agreed to follow-up with them on their plans

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for a contribution that they had announced at the meeting of working groups 1 and 2 in Bahrain two weeks earlier. OECD noted that funds were tight and they might need to obtain a bridge loan for 50K Euros or more from within the organization for additional funds to support the ministerial based on letters of intent that Saudi Arabia and Japan said they would try to provide. In response to Jordanian concerns, they explained that the remaining 80K Euros would be devoted primarily to supporting ministerial preparations.

16. (SBU) The agenda for the ministerial was discussed on the meeting on 4th as well. It was agreed that the press would be allowed to attend all but the final discussion and adoption of the Ministerial declaration. In addition to the opening session, this would include break out discussions of the themes of 4 of the 5 working groups of the program. The themes of Working Group 2-3 would be covered in three break-outs in a first session followed by a coffee break and second session with break-outs on the themes of Working Groups 4-5. Following another coffee break, the theme of working group 1 would be reserved for the closed session to be addressed together with discussion and adoption of the declaration. The open sessions and the coffee breaks would provide ample opportunity for press coverage and opportunities for interviews of participants.

17. (SBU) Jordan and OECD will arrange for briefings of MENA and OECD ambassadors in Jordan and Paris respectively on preparations for the ministerial in the next two weeks. One concern is that a few MENA ministers that were invited have a conflict with their attendance at the World Summit on Information (WSIS) and there is a desire to do as much as possible to encourage participation by ministers or other appropriate senior officials. OECD will provide participants in the Oct 4 meeting with the list of invitees and confirmed participants shortly. US, UK and Japan representatives agreed to encourage their respective Embassies in MENA and OECD countries to keep the other's Embassies abreast of their efforts to encourage participation at the ministerial.

JONES